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TO: Chairman Moulton and Committee Members  
FROM: Senator Glenn Grothman  
RE: Senate Bill 276 relating to municipal quotas for retail intoxicating liquor licenses  
DATE: February 22, 2012

Thank you members of the Senate Committee on Workforce Development, Small Business, and Tourism for the opportunity to speak about Senate Bill (SB) 276.

Senate Bill 276 modifies the current liquor license quota by improving upon the "Class B" classifications in order to better accommodate the continual growth and evolution of the restaurant and hospitality industry in communities around Wisconsin. For example, it removes the requirement that a restaurant have a seating capacity of 300 or more persons and instead adds a definition of "full service restaurant" which limits the new exception in SB 276 to establishments where meals are prepared, served, and sold to customers for consumption on the premises and where alcohol beverage sales account for 50% or less of the restaurant's gross receipts for the most recent licensing year.

Currently, the law prohibits a person from selling alcohol beverages at retail unless the seller possesses a license or permit authorizing the sale. A "Class B" license authorizes the retail sale of intoxicating liquor for consumption on the licensed premises and may also authorize the retail sale of liquor for consumption off the premises subject to limitations.

However, a quota is imposed on the number of "Class B" licenses that a municipality may issue. This is generally determined by a formula based on the number of licenses previously issued by the municipality and its population. A full service restaurant that has seating capacity of 300 or more, or a hotel that has 50 or more rooms and a restaurant or banquet room meets the current qualifying criteria.

This law has become outdated now in that numerous communities around the state such as Lake Geneva, Oconomowoc, Delafield, Oshkosh, Monona, Saukville and many others are at or near their quotas and have no licenses available to issue, so many services and new hospitality developments and expansions have come to a halt. This also affects the value of real estate. Communities in this situation are also unable to accommodate national chain restaurants seeking to expand in their community.

As you can see, updating the current statutes will encourage business development and expansion. Some establishments that no longer operate or decided to move their location but do not reestablish may fail to sell or relinquish their "Class B" licenses in a timely manner further complicating the ability of new business to operate.

Thank you again for hearing Senate Bill 276.